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Mexico

Market Development Reports

Market Snapshot: Health Food Market

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Report Highlights:

The increased demand for health food in Mexico is being driven by rising incomes and the expansion of the middle and upper classes. This market is expected to continue to grow at an average annual rate of 10 percent

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Mexico City ATO [MX2]
[MX]

Mexico's health food market has developed rapidly over the past 10 years due to an increase in consumer awareness to the benefits of a healthy diet. This market segment is estimated at about \$1 billion per year. Health foods are sold through food specialty stores, supermarkets, drugstores, department stores and health clubs.

As the overall per capita income rises, and the middle and upper middle class grows, more Mexicans are pursuing healthier lifestyles. These trends have led to an increase in the demand for health foods, particularly among those consumers from 20 to 50 years old. This market is expected to continue to grow at annual average rate of 10 percent.

Best Prospects

The health food market is comprised of products consumed because of their health benefits such as low-calorie, low-fat, low-carbohydrate, high-fiber, high-protein, vitamin enriched, gluten free, etc. This category does not include products that are "light" which use different forms of artificial sweeteners (diet drinks, yogurts, etc.) which are not necessarily "healthy". Some of the best prospects for this market are: power bars, including simple breakfast bars, snack/lunch bars, and bar meal supplements for athletes, diet/fiber supplements and meal replacements, diet meals, soy products, whole grain bakery products, breakfast cereals, pastas and nut/grain mixes. In addition, other products of interest are general specialty grocery products, including low fat, low carb, low calorie, sugar-free (without artificial sweeteners) such as mayonnaise, salad dressings, sauces, jams, jellies, soups, canned meats, cookies and crackers and many other bottled or canned products.

Consumption

Mexican consumers ranging from 20 to 50 years of age are the most health conscious. Generally, these are consumers who live in major metropolitan areas and have the budget to purchase health food products. They account for approximately 5 percent of the population, or 4-5 million people, out of a total of approximately 108 million Mexicans.

Demand for health foods has also reached the Mexican hotel & restaurant (H&R) sector. In the past 5 years the number of restaurants that have included on their menus healthier or diet meals has increased dramatically. These menus focus on low calorie and low fat meals. However, this sector is not importing processed health foods yet except for a few desserts and some ingredients such as soy paste. The H&R industry still prefers to buy fresh raw ingredients and prepare them in a healthy manner for lower calorie dishes. This sector is not yet familiar with innovative health food products. A good distributor and marketing approach could open a niche market in the H&R industry.

Competition

Through domestic production, Mexico meets about 70 percent of consumer demand for health foods. Domestic production has been increasing rapidly in the past 5 years and is estimated at around \$700 million. Production is expected to continue to grow at an average annual rate of 10 percent over the next 5 years. Currently, it is primarily focused on bakery products, power bars, cereals, nut/grain mixes, soy milk and juices, low fat ice-cream and other low fat dairy products. The fastest growing sector is in the production of soy products. Soy is being extensively used in the processing of various meat products, cheese, soymilk and juices.

There are no official import figures for health food products since they enter the country through general food product tariff codes making it impossible to determine exact import amounts. However, it is estimated that about \$300 million or 30 percent of the market is supplied by imported health foods. The U.S. accounts for 65 percent of total imports. The main imported products are soy products and ingredients, food and fiber supplements, power bars, and ready to eat meals.

The health foods market will grow and offer good opportunities for U.S. exporters, though as popularity grows, domestic production will increase and expand into new products. Domestic production will remain the primary competitor for imported U.S. products.

Certificate of Origin

Under NAFTA, imports of health foods considered as food supplements require a special import permit. A Sanitary Previous Import Permit is required, along with a Sanitary Certificate and a questionnaire on Good Sanitary Practices must be completed. This Secretariat of Health requirement is administered by a newly formed agency called COFEPRIS-Federal Commission for Health Risk Protection (see contact section for more info). To obtain this permit, the importer has to present a chemical analysis of the product, specifying each product contained in the formula and the quantity. Also, two product labels as presented in the country of origin must also be presented. The product is then analyzed and defined as a food supplement or a medication.

The basic Mexican import document is the Pedimento de Importación (customs entry document), which must be presented to Mexican Customs along with the commercial invoice in Spanish and a bill of lading. Products qualifying as "North American" must be accompanied by the NAFTA certificate of origin to receive preferential treatment. This is issued by the exporter and does not have to be validated or formalized.

Key Contacts in Mexico

Secretariat of Health

COFEPRIS-Commission for the protection of Sanitary Risks

www.cofepris.gob.mx

ANIPRON

National Association for the Natural Products Industry.

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